



Dave Yost • Auditor of State



WAYNE TOWNSHIP  
FAYETTE COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wayne Township  
Fayette County  
5261 Hukill Road  
Greenfield, Ohio 45123

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Wayne Township, Fayette County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Wayne Township, Fayette County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 26, 2018

**WAYNE TOWNSHIP**

Fayette County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$77,007	\$37,911		\$114,918
Charges for Services		401		401
Licenses, Permits and Fees	655	100		755
Intergovernmental	33,413	108,841		142,254
Special Assessments		5,917		5,917
Earnings on Investments	50			50
Miscellaneous	5,116	3,300		8,416
<i>Total Cash Receipts</i>	<u>116,241</u>	<u>156,470</u>		<u>272,711</u>
<b>Cash Disbursements</b>				
Current:				
General Government	83,479			83,479
Public Safety		33,395		33,395
Public Works		72,166		72,166
Health	16,957			16,957
Capital Outlay	8,799			8,799
Debt Service:				
Principal Retirement		16,270		16,270
<i>Total Cash Disbursements</i>	<u>109,235</u>	<u>121,831</u>		<u>231,066</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,006</u>	<u>34,639</u>		<u>41,645</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Uses	(466)			(466)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(466)</u>			<u>(466)</u>
<i>Net Change in Fund Cash Balances</i>	6,540	34,639		41,179
<i>Fund Cash Balances, January 1</i>	<u>135,684</u>	<u>295,296</u>	<u>3,772</u>	<u>434,752</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			500	500
Restricted		329,935	3,272	333,207
Unassigned (Deficit)	142,224			142,224
<i>Fund Cash Balances, December 31</i>	<u>\$142,224</u>	<u>\$329,935</u>	<u>\$3,772</u>	<u>\$475,931</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP**

*Fayette County, Ohio*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary and Fiduciary Fund Types*

*For the Year Ended December 31, 2016*

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	Fiduciary Fund Types
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Charges for Services	\$0
Licenses, Permits and Fees	0
Fines and Forfeitures	0
Earnings on Investments (trust funds only)	0
Miscellaneous	0
<i>Total Operating Cash Receipts</i>	<u>0</u>
<b>Operating Cash Disbursements</b>	
Salaries	0
Employee Fringe Benefits	0
Purchased Services	0
Supplies and Materials	0
Claims	0
Other	0
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Operating Income (Loss)</i>	<u>0</u>
<b>Non-Operating Receipts (Disbursements)</b>	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>500</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$500</u></u>



**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Wayne Township, Fayette County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and volunteer fire protection. The Township also has an elected Township Fiscal Officer.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Fire Fund*** The fire fund accounts for and reports property tax (inside millage) committed for the payroll, equipment and volunteer fire fighting services for the township.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Cemetery Endowment Fund*** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township’s cemetery.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs.

The Township’s private purpose trust fund is for the benefit of certain individuals.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

A summary of 2017 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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The Township's funds are deposited in a checking account with a local commercial bank.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded final estimated resources in the Fire District fund by \$18,174 for the year ended December 31, 2017.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,037	\$103,783	\$7,746
Special Revenue	145,498	170,588	25,090
Total	\$241,535	\$274,371	\$32,836

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,200	\$108,348	\$7,852
Special Revenue	251,564	89,190	162,374
Total	\$367,764	\$197,538	\$170,226

**Note 5 – Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$552,764
HH Series Savings Bond	500
Total deposits	553,264

***Deposits***

The Township's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 7 – Risk Management**

*Commercial Insurance*

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries and the Township contributed an amount equaling 14% percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 9 – Postemployment Benefits**

Both OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017, was as follows:

Principal	Interest Rate
\$40,675	0%

During 2010 the Township purchased a fire engine through the Small Government Fire Department Services Revolving Loan Fund. The first payment was due October 1, 2010 to be paid quarterly within ten years.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Loan
2018	16,270
2019	16,270
2020	8,135
Total	<u><u>\$40,675</u></u>

**Note 11 –Fund reclassification and Restatement**

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprised a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

The Township has reclassified the fund balances below to comply with GASB Statement No. 54, which resulted in the following change to fund balances at December 31, 2017, as previously reported:

	<b>Permanent Fund</b>	<b>Private Purpose Trust Fund</b>
<b>Fund Balance Previously Reported at 12/31/16</b>	\$4,272	\$0
<b>Reclassification of Funds</b>	(500)	500
<b>Fund Balance Restated 1/1/17</b>	\$3,772	\$500

**WAYNE TOWNSHIP**

Fayette County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$76,718	\$38,039		\$114,757
Licenses, Permits and Fees	248			248
Intergovernmental	23,318	119,700		143,018
Special Assessments		5,749		5,749
Earnings on Investments	55			55
Miscellaneous	3,352	7,100		10,452
<i>Total Cash Receipts</i>	<u>103,691</u>	<u>170,588</u>		<u>274,279</u>
<b>Cash Disbursements</b>				
Current:				
General Government	84,748			84,748
Public Safety		43,176		43,176
Public Works		29,744		29,744
Health	18,542			18,542
Capital Outlay	4,908			4,908
Debt Service:				
Principal Retirement		16,270		16,270
<i>Total Cash Disbursements</i>	<u>108,198</u>	<u>89,190</u>		<u>197,388</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,507)</u>	<u>81,398</u>		<u>76,891</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	92			92
Other Financing Uses	(150)			(150)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(58)</u>			<u>(58)</u>
<i>Net Change in Fund Cash Balances</i>	(4,565)	81,398		76,833
<i>Fund Cash Balances, January 1</i>	<u>142,224</u>	<u>329,935</u>	<u>3,772</u>	<u>475,931</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			500	500
Restricted		411,333	3,272	414,605
Unassigned (Deficit)	137,659			137,659
<i>Fund Cash Balances, December 31</i>	<u>\$137,659</u>	<u>\$411,333</u>	<u>\$3,772</u>	<u>\$552,764</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP**

*Fayette County, Ohio*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary and Fiduciary Fund Types*

*For the Year Ended December 31, 2017*

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	Fiduciary Fund Types
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Charges for Services	\$0
Licenses, Permits and Fees	0
Fines and Forfeitures	0
Earnings on Investments (trust funds only)	0
Miscellaneous	0
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>0</i>
	<hr/>
<b>Operating Cash Disbursements</b>	
Salaries	0
Employee Fringe Benefits	0
Purchased Services	0
Supplies and Materials	0
Claims	0
Other	0
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>0</i>
	<hr/>
<i>Operating Income (Loss)</i>	<i>0</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>0</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>0</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>500</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$500</i>
	<hr/> <hr/>

*See accompanying notes to the basic financial statements*



**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

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**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Fire Fund*** The fire fund accounts for and reports property tax (inside millage) committed for the payroll, equipment and volunteer fire fighting services for the township.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

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**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township's funds are deposited in a checking account with a local commercial bank.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,511	\$116,241	\$9,730
Special Revenue	212,077	156,470	(55,607)
Total	\$318,588	\$272,711	(\$45,877)

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,915	\$109,701	\$103,214
Special Revenue	383,847	121,831	262,016
Total	\$596,762	\$231,532	\$365,230

**Note 4 – Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016
Demand deposits	\$475,931
HH Series Savings Bond	500
Total deposits	476,431

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries and the Township contributed an amount equaling 14% percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

Both OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016, was as follows:

Principal	Interest Rate
\$56,945	0%

During 2010 the Township purchased a fire engine through the Small Government Fire Department Services Revolving Loan Fund. The first payment was due October 1, 2010 to be paid quarterly within ten years.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Loan
2017	\$16,270
2018	16,270
2019	16,270
2020	8,135
Total	\$56,945

**WAYNE TOWNSHIP**  
*Fayette County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 10 –Fund reclassification and Restatement**

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprised a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

The Township has reclassified the fund balances below to comply with GASB Statement No. 54, which resulted in the following change to fund balances at December 31, 2016, as previously reported:

	<b>Permanent Fund</b>	<b>Private Purpose Trust Fund</b>
<b>Fund Balance Previously Reported at 12/31/15</b>	\$4,272	\$0
<b>Reclassification of Funds</b>	(500)	500
<b>Fund Balance Restated 1/1/16</b>	\$3,772	\$500



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Wayne Township  
Fayette County  
5261 Hukill Road  
Greenfield, Ohio 45123

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Wayne Township, Fayette, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 26, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-003.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

[www.ohioauditor.gov](http://www.ohioauditor.gov)

**Township's Response to Findings**

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 26, 2018



**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2017-001**

**MATERIAL WEAKNESS**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township lacked controls to ensure that transactions were posted accurately. We identified the following 2017 and 2016 posting errors:

<b>2017</b>					
<b><i>Transaction as Posted (incorrect)</i></b>			<b><i>Correct Transaction Posting</i></b>		
<b>Fund</b>	<b>Account</b>	<b>Amount</b>	<b>Fund</b>	<b>Account</b>	<b>Amount</b>
General	Other Financing Uses	\$4,908	General	Capital Outlay	\$4,908
Purchase of equipment was recorded as other financing uses and should have been recorded as Capital Outlay.					
General	Not Posted		General	General Government Taxes	\$4,543
Real Estate Tax Settlements received were recorded at the net amount and should have been recorded at gross amount.					
General	Taxes	\$9,786	General	Intergovernmental	\$9,786
Fire District	Taxes	\$6,800	Fire District	Intergovernmental	\$6,800
Homestead and Rollback receipts were recorded as taxes and should have been recorded as intergovernmental. Additionally, the related County Auditor's fees were not recorded as general government expenses.					
Good Hope Lighting	Taxes	\$3,935	Good Hope Lighting	Special Assessments	\$3,935
Good Hope Lighting receipts were recorded as Taxes and should have been recorded as Special Assessments.					
Permissive Motor Vehicle	Taxes	\$3,165	Permissive Motor Vehicle	Intergovernmental	\$3,165
Permissive Motor Vehicle License receipts are levied by the County and were recorded as Taxes and should have been recorded as Intergovernmental.					
Fire District	Miscellaneous	\$18,175	Fire District	Intergovernmental	\$18,175
State Fire Grants were recorded as Miscellaneous receipts and should have been recorded as Intergovernmental.					

**FINDING NUMBER 2017-001  
 (Continued)**

2016					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
General	Other Financing Uses	\$8,799	General	Capital Outlay	\$8,799
Purchase of equipment was recorded as other financing uses and should have been recorded as Capital Outlay.					
General	Not Posted		General	General Government Taxes	\$5,676
Real Estate Tax Settlements received were recorded at the net amount and should have been recorded at gross amount. Additionally, the related County Auditor's fees were not recorded as general government expenses.					
General	Taxes	\$9,305	General	Intergovernmental	\$9,305
Fire District	Taxes	\$6,466	Fire District	Intergovernmental	\$6,466
Homestead and Rollback receipts were recorded as taxes and should have been recorded as intergovernmental.					
General	Taxes	\$10,580	General	Intergovernmental	\$10,580
General	Taxes	\$5,211	Fire District	Intergovernmental	\$5,211
Homestead and Rollback receipts were recorded as taxes in the General fund and should have been split between General and Fire District Fund as intergovernmental.					
Good Hope Lighting	Taxes	\$3,844	Good Hope Lighting	Special Assessments	\$3,844
Good Hope Lighting receipts were recorded as Taxes and should have been recorded as Special Assessments.					

Failure to accurately post and report receipt and expenditure transactions could result in material errors in the Township's financial statements and reduces the ability of the Board to monitor financial activity and to make sound decisions which affect the overall available cash position of the Township.

The Township has corrected the financial statements, and accounting records where appropriate, to address these posting errors.

Township officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds.

**Officials' Response:**

Fiscal Officer (FO) will record tax settlements to account for County Auditor monies withheld, record gross vs net amounts. FO will record lighting revenue as special assessments vs taxes. FO will record homestead and rollback, grants, and Motor Vehicle License, revenue as intergovernmental. FO will record equipment as a Capital Outlay.

**FINDING NUMBER 2017-002**

**MATERIAL WEAKNESS**

Governments are required to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The estimated receipts entered in the accounting system and subsequently reported in the financial statements did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted by material amounts as follows:

<b>Fund</b>	<b>Estimated Receipts Certified by the Budget Commission</b>	<b>Estimated Receipts Posted</b>	<b>Variance</b>
<b>2017</b>			
General	\$106,511	\$77,757	\$28,754
Motor Vehicle License Tax	\$15,652	\$1,026	\$14,626
Gas Tax	\$135,113	\$36,787	\$98,326
Cemetery	\$7,326	0	\$7,326
Fire District	\$42,675	\$45,354	(\$2,679)
Permissive Motor Vehicle Tax	\$5,743	\$64	\$5,679
Good Hope Lighting	\$3,848	\$3,575	\$273
Flakes Ford Lighting	\$1,720	\$2,150	(\$430)
<b>2016</b>			
General	\$96,037	\$243,472	(\$147,435)
Fire District	\$42,416	\$71,922	(\$29,506)
Good Hope Lighting	\$3,844	\$7,874	(\$4,030)
Flakes Ford Lighting	\$2,073	\$2,533	(\$460)

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the Township officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

**Officials' Response:**

FO will revise and file an amended certificate in December to reflect increased revenues in any fund.

**FINDING NUMBER 2017-003**

**Noncompliance**

**Ohio Revised Code § 5705.39** states in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the County Auditor files with the appropriation authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the total amounts certified by the budget commission.

Because the Township did not monitor estimated resources, appropriations exceed the final estimated resources in the following fund:

**FINDING NUMBER 2017-003**  
**(Continued)**

<b>Year</b>	<b>Fund</b>	<b>Amount Appropriations exceed Final Estimated Resources</b>
2017	Fire District	\$ (18,174)

Failure to monitor appropriations and estimated resources could result in overspending and negative cash balances. The Board should monitor the budgetary position of the Township throughout the year, to determine when appropriation amendments are needed.

**Officials' Response:**

FO had trustees sign the Appropriation Certificate, but did not record that in the meeting minutes. FO will record that in the minutes in the future. FO will revise and file an amended certificate in December to reflect increased revenues in any fund.



# Dave Yost • Auditor of State

WAYNE TOWNSHIP

FAYETTE COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 13, 2018